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2 November 1954

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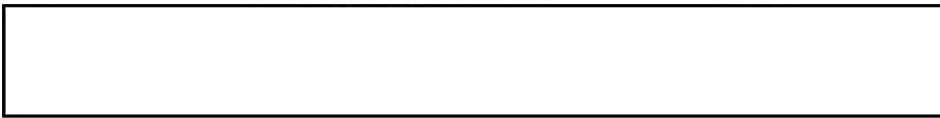
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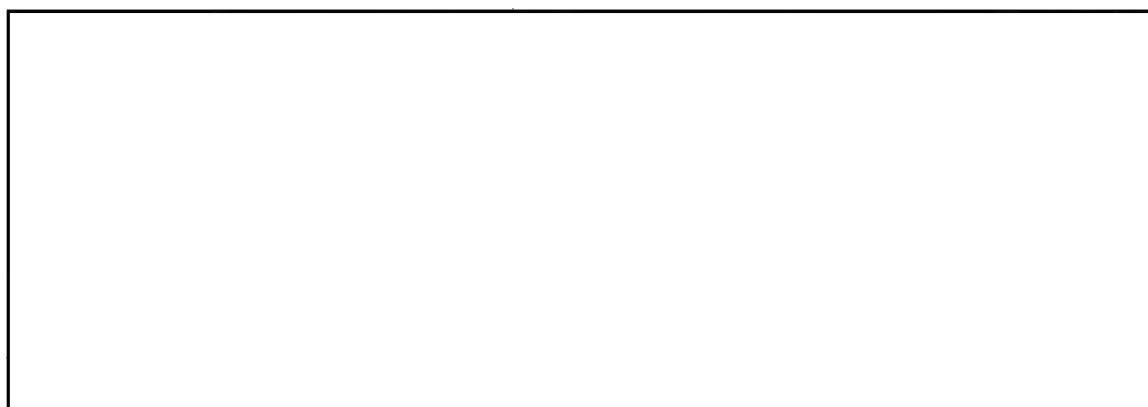
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SUMMARY

GENERAL

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25X1

2. Comment on softening of Greek attitude on Cyprus (page 3).

FAR EAST

3. Japanese delegation back from Peiping favors Locarno-type Far East treaty (page 4).

SOUTHEAST ASIA

4. French said to have obtained economic guarantees from Viet Minh (page 5).

NEAR EAST - AFRICA

5. Comment on outbreak of terrorist activity in Algeria (page 5).
6. Mendes-France sees no ready solution for Moroccan impasse (page 6).

25X1

LATE ITEM

8. Comment on Chinese Communist bombing of Tachen Islands (page 7).

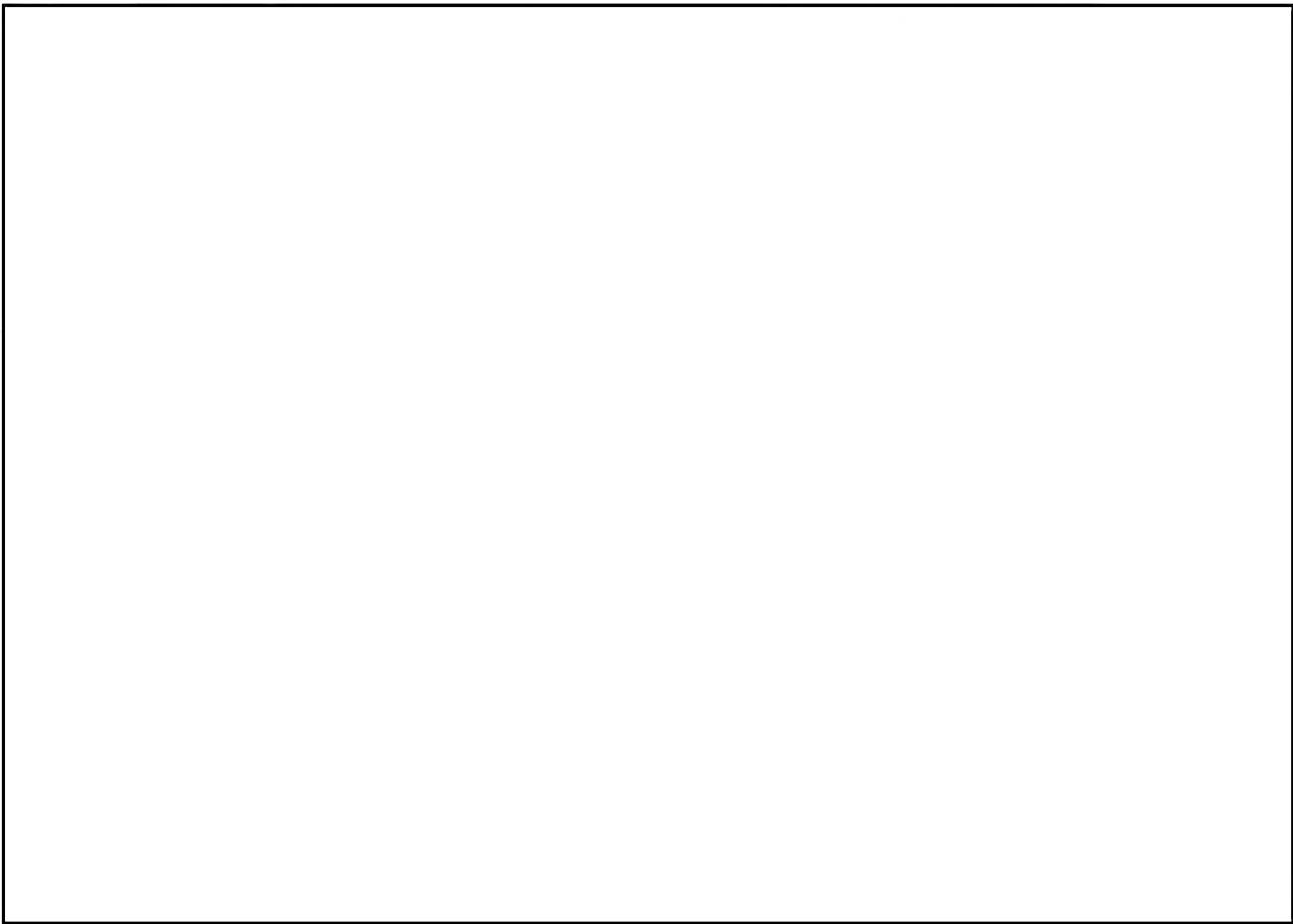
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2. Comment on softening of Greek attitude on Cyprus:

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A significant softening of the Greek position on the Cyprus issue is indicated by a recent statement of Alexis Kyrou, acting chief of the Greek UN delegation. Kyrou told Ambassador Lodge that Greece wanted the General Assembly to pass a "very mild resolution" affirming the Cypriot people's right to self-determination.

Athens, despite the continuing bitter official and editorial comment, apparently is reappraising its position in the light of the American attitude. The Greek government evidently considers that Washington's attitude will be the determining factor as far as UN action on the Cyprus item is concerned.

British foreign secretary Eden believes that Greek discouragement over recent developments at the UN concerning Cyprus has improved the situation from the British viewpoint. The American embassy in London thinks Britain might accept a UN formula in which London would commit itself to continue discussions with representative Cypriots aimed at establishing a constitution that would permit increased self-government.

Greece is probably ready to agree to whatever face-saving formula Britain would accept, but a residue of ill will is certain to remain toward Britain and especially toward the United States.

FAR EAST

3. Japanese delegation back from Peiping favors Locarno-type Far East treaty:

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A Japanese Right Socialist delegation just back from Peiping is expected to urge its party to work for a Locarno-type treaty between Japan, the United States,

Communist China, and the USSR, a party official has informed the American embassy in Tokyo. This would be followed by peace treaties and bilateral nonaggression pacts between Japan and Communist China and the USSR.

Adoption of these recommendations would, in the embassy's judgment, represent a major leftward shift in party policy and provide at least a theoretical basis for increased co-operation with the Left Socialists.

Comment: The delegation included Eki Sone, principal author of the party's present foreign policy plank and hitherto a warm advocate of close co-operation with the free world. He and his colleagues have apparently abandoned their earlier idea of a UN-sponsored collective security pact to counter possible Communist aggression and now paint a picture of a peaceful Communist China bent on internal reconstruction.

With Yoshida's conservative opponents, as well as the leftists and the moderates, all beating the drums

for a new China policy, the prime minister is being placed under increasing pressure. In view of Yoshida's weakening political position, he may be forced on his return to Japan to make substantial concessions on this popular issue in order to stay in power.

SOUTHEAST ASIA

4. French said to have obtained economic guarantees from Viet Minh:

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The Sainteny mission to North Vietnam has succeeded in obtaining important economic guarantees in writing from Ho Chi Minh, according to the executive

secretary of the French minister for the Associated States. The secretary told American officials on 29 October that he does not think it possible to have a Communist state within the French Union. He added that South Vietnam probably will be "finished" if a governmental reorganization is not carried out soon.

A member of Sainteny's mission has been quoted as stating that South Vietnam will lose the 1956 elections, and that the only practical solution appeared to be "a compromise solution with Ho."

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Comment: The Viet Minh may be attempting to exploit the continuing political impasse in South Vietnam by encouraging the French to believe that they can do business with the Communists. Guarantees permitting continuation of the French economic and cultural influence in North Vietnam would make Paris increasingly disinclined to implement a strong policy in support of Diem and South Vietnam.

NEAR EAST - AFRICA

5. Comment on outbreak of terrorist activity in Algeria:

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The outbreak of carefully planned and executed terrorism in widely separated locations reported in Algeria on 1 November may open a new chapter in the

2 Nov 54

CURRENT INTELLIGENCE BULLETIN

Page 5

25X1A

Approved For Release 2004/07/08 : CIA-RDP79T00975A001800060001-5

current extremist activity in North Africa. This is the first major terrorist activity in Algeria since mid-1945, when the assassination of settlers led to the leveling of several native villages by the French air force in retaliation.

The current attacks may have been organized by the quasi-military Tunisian fellagha now operating in an area adjacent to Algeria. It is more likely, however, that they were planned and executed by Algerian extremists, either nationalists or Communists.

Paris, as well as local French authorities, fully aware of the explosive North African milieu, can be expected to take adequate repressive action. Some 60,000 troops and gendarmerie are available in Algeria, and late reports indicate some additional shock troops have been alerted to move in from France.

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6. Mendes-France sees no ready solution for Moroccan impasse:

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Premier Mendes-France told Ambassador Dillon in Paris on 30 October that he saw no immediate way out of the impasse with Moroccan nationalists. Nationalist feeling over the dynastic issue, he said, was too aroused to be calmed even by dramatic economic and social reforms. The premier stated that he favors the election of a new sultan, but that he is informed former sultan Mohamed ben Youssef is not yet amenable to this solution.

Comment: In view of the fact that incidents of violence have been increasing steadily in Morocco since the deposition of the former sultan in August 1953 and now occur at a rate of some 20 a week, Mendes-France would seem overcomplacent in his implication that France can bide its time.

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Approved For Release 2004/07/08 : CIA-RDP79T00975A001800060001-5

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LATE ITEM

8. Comment on Chinese Communist bombing of Tachen Islands:

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Nine Chinese Communist TU-2 piston light bombers, nine MIG-15's, and four LA-11 piston fighters bombed and strafed the two largest islands in the Tachen group

at noon on 1 November in the first Communist air attack on any of the Nationalist-held offshore islands.

40 bombs were dropped, and that four persons were killed and 18 wounded. The full extent of damage to Nationalist military installations is not yet known.

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The Communists may have staged this air raid with the purpose of making a fresh test of American intentions

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with regard to defense of the Nationalist-held offshore islands. This apparently was the chief purpose behind the shelling of the Quemoys on 3 September.

The Tachen air strike may signal the opening of a new and predominantly aerial phase in Communist operations against the islands. Peiping, possessing superior air strength within range of the islands, may try to dislodge the Nationalist forces without committing ground forces.

The Communists may, however, be planning to attempt amphibious landings on islands in the Tachen group. There is an unconfirmed report that a Communist "convoy" was spotted on 1 November "north of Ichiang," a small islet about eight miles northwest of Big Tachen. Ichiang has been repeatedly shelled from Communist-held Toumen Island to the north in recent weeks and was reported under fire of naval vessels on 1 November. In addition, Pishan Island, held by 1,500 Nationalist guerrillas and located 40 miles southwest of the Tachens, was reported under continuous artillery fire the same day.

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2 Nov 54 CURRENT INTELLIGENCE BULLETIN Page 8

25X1A
Approved For Release 2004/07/08 : CIA-RDP79T00975A001800060001-5